



“Gaps” in State Student Financial Aid

Infrastructure Finance Taskforce

November 16, 2011

1. GAPS in state student financial aid

- Unserved State Need Grant students
- Aid to middle and upper income students
- Caps in the federal loan programs

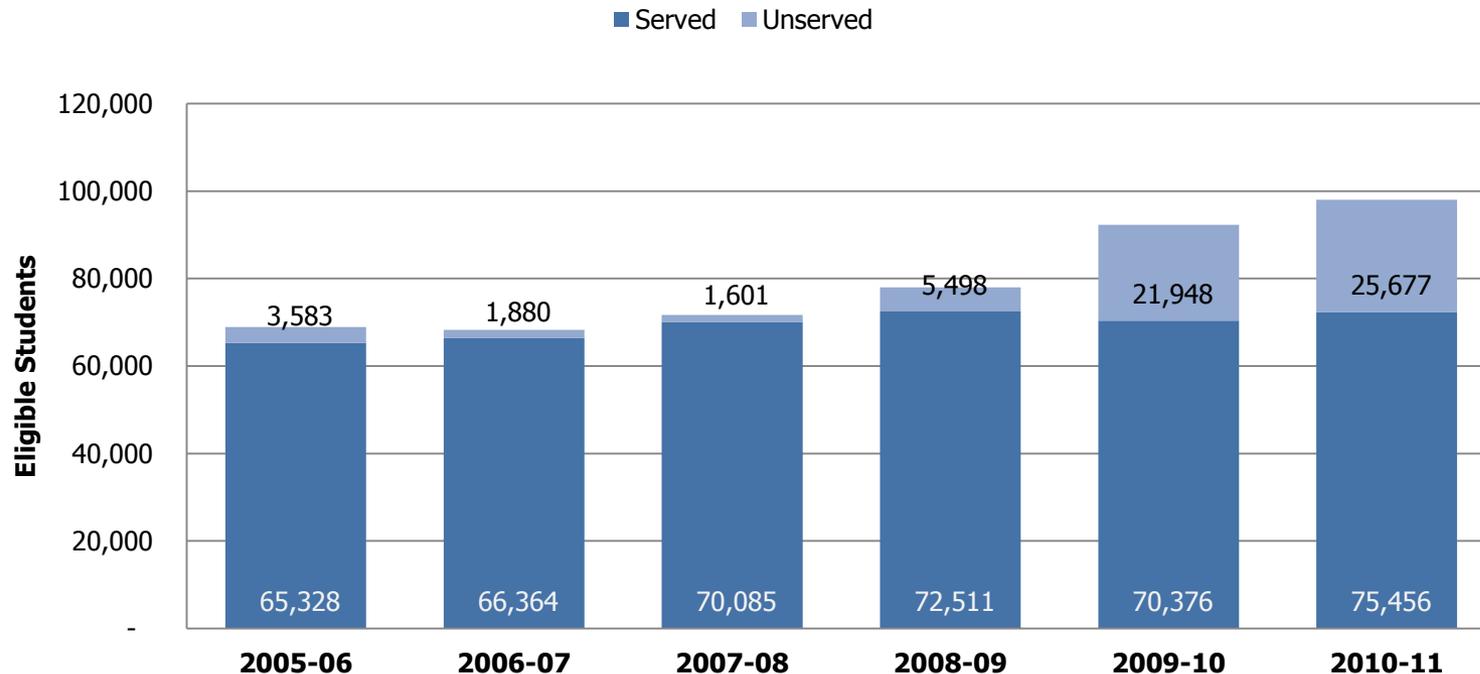
2. Higher Education Loan Program

- Served **72,000 students** in 2010-11, an increase resulting from enrollment increases in the CTC sector creating lower average awards
- **26,000 students were eligible** but un-served in 2010-11 due to shortage of program funds
- Students attending **67 public and private institutions** receive SNG
- Appropriation for 2011-12 is **\$266 million**

Sharp increase in demand

- The number of students qualifying for a SNG increased 26% in a two-year period, outpacing available SNG funding. This represented a four-fold increase in un-served students.
- The served students in 2010-11 includes the “local fund” replacement required of public institutions due to a mid-year \$25 M rescission.

Eligible SNG Students



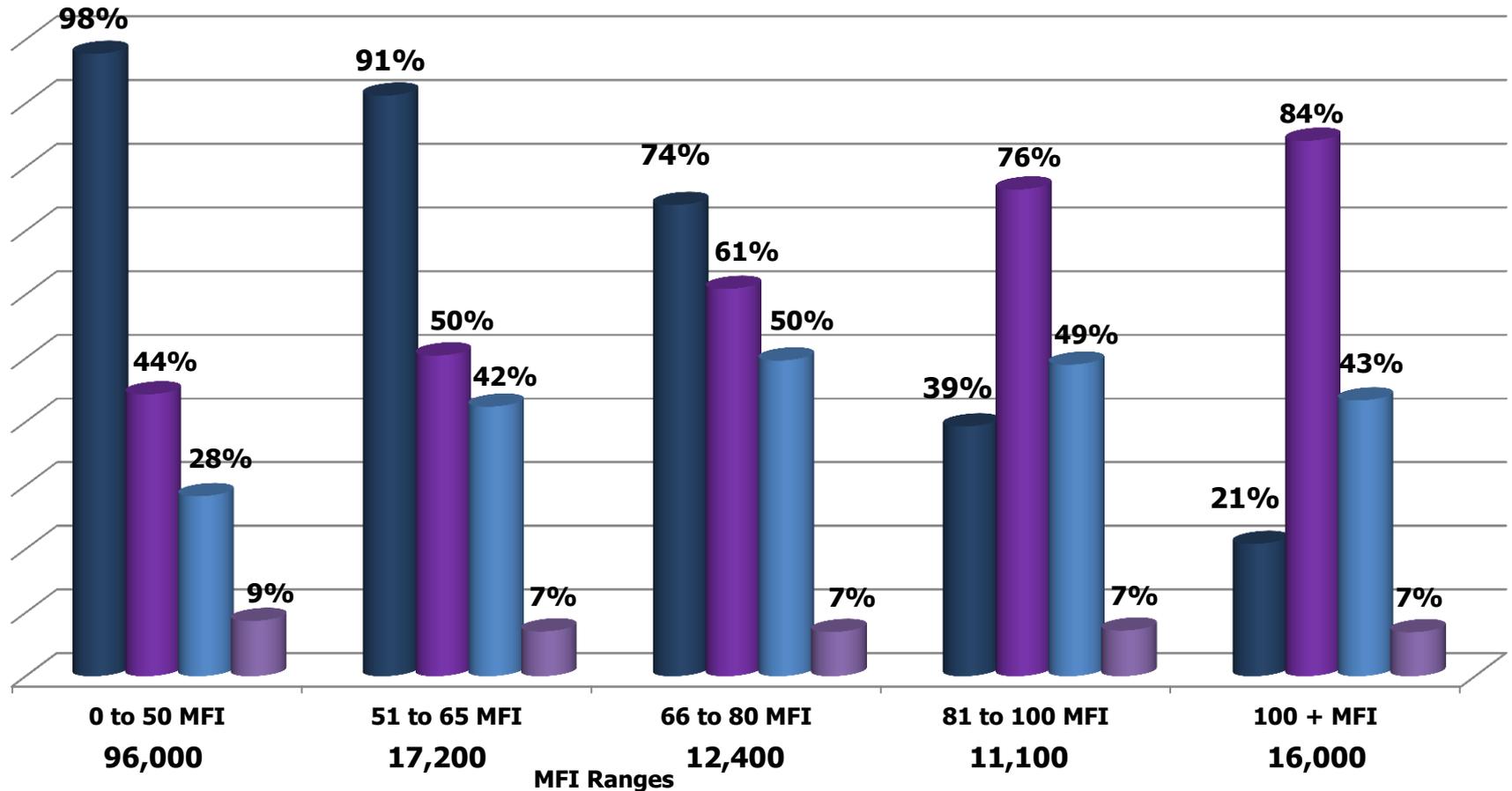
Un-served students...

- Complete the FAFSA in May and August versus February and March (two- and four-year students respectively).
- **Start attending later, attend fewer terms**
- Served students receive **two times** the amount of grant aid
- Borrow **\$2,500 more** per year
- Attend two-year colleges in greater proportions
 - **75% attend community and technical colleges**
 - **18% attend public four-year**
 - **4% attended private four-year**

Type of award by income

Percent of Students by Income Receiving Aid Type 2009-10

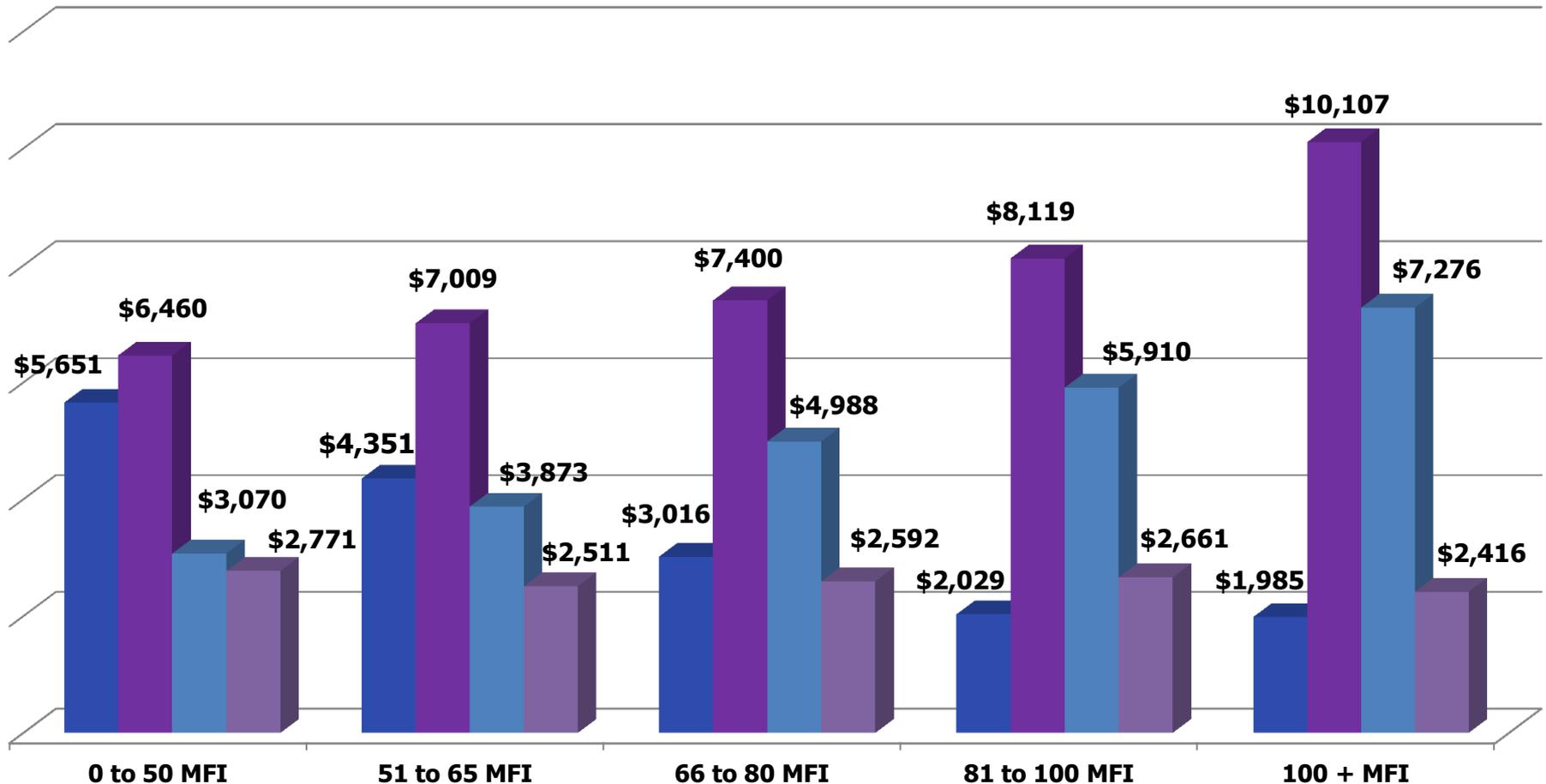
■ Grants ■ Loans ■ Campus Aid/Scholarships ■ Work Study



Average amount of aid by income

Average Award by Type by Income 2009-10

■ Grants ■ Loans ■ Campus Aid/Scholarships ■ Work Study



Federal Stafford Loans: Limits

Current **UNDERGRADUATE** federal loan limits:

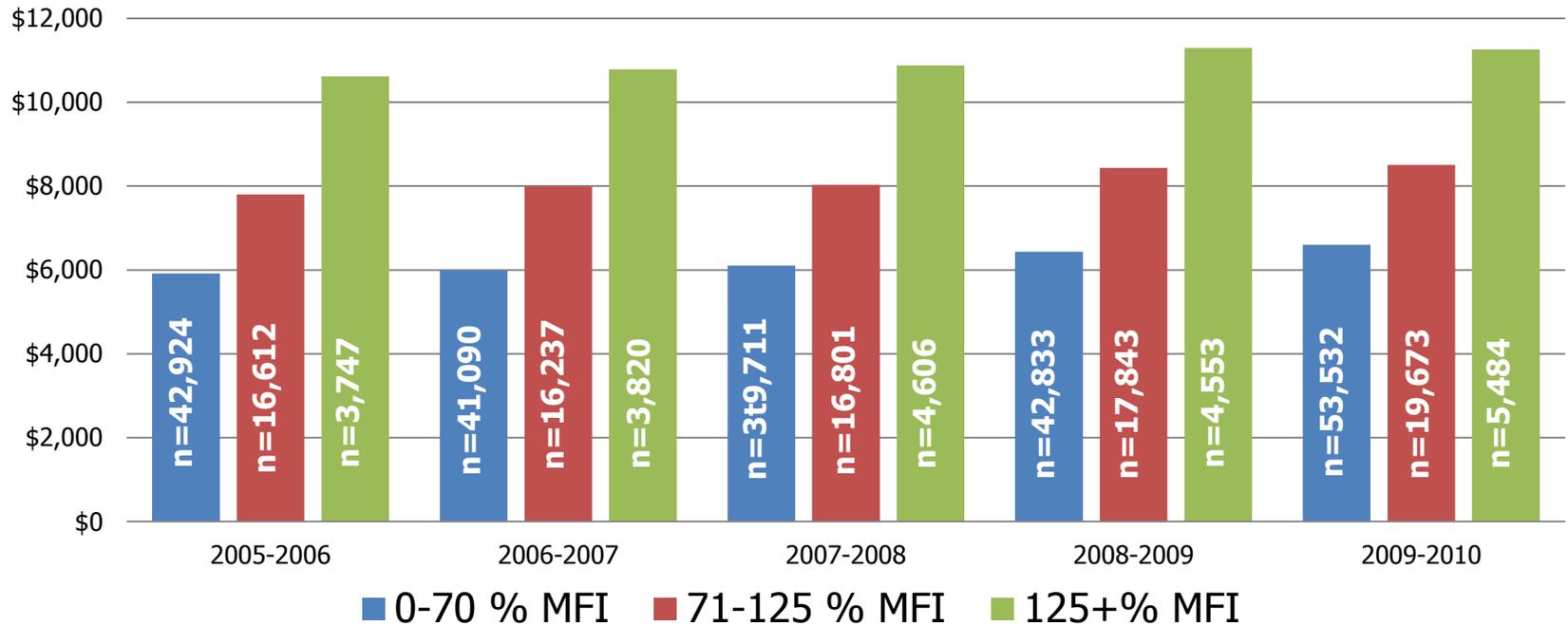
Student's Academic Year	Dependent * Undergraduate Students	Independent Undergraduate Students
First Year	\$5,500 with no more than \$3,500 in subsidized loans	\$9,500 with no more than \$3,500 in subsidized loans
Second Year	\$6,500 with no more than \$4,500 in subsidized loans	\$10,500 with no more than \$4,500 in subsidized loans
Third and Beyond (each year)	\$7,500 with no more than \$5,500 in subsidized loans	\$12,500 with no more than \$5,500 in subsidized loans
Aggregate loan limits at graduation	\$31,000 with no more than \$23,000 in subsidized loans	\$57,500 with no more than \$23,000 in subsidized loans

* Dependent students must report their parents' income and assets on the FAFSA in addition to their own

Cost of attendance also limits federal borrowing combined with other financial aid received

Borrowing levels increasing for lowest income

Average Annual Loan Award by Income Level 2005-06 to 2009-10



Source: HECB Unit Record Report submitted by 68 SNG participating institutions
 Notes: Washington resident undergraduates students receiving need based aid.

Higher Education Loan Program

- Authorized in 2009* – **has not been funded**
- Created to assist Washington students in need of low-cost loans and related benefits
- When funded, the **HECB will work with campuses** – SBCTC, WTECB and others – to assess program needs
- Program can be **flexible to meet student needs** and offer
 - Low-interest student loans
 - Targeted loan repayment options
 - Conditional loans forgiven in exchange for service
 - An emergency loan fund to help students until other funding has been secured

* RCW 28B.97